



# Austin Exploration Limited ACN 114 198 471

Listed on the Australian Securities Exchange ("AKK")

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**ASX ANNOUNCEMENT**

**19<sup>th</sup> May 2011**

**For Immediate Release**

The Manager  
Companies Announcements Platform  
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**CASH FLOW AND PRODUCTION UPDATE - AUSTIN EXPLORATION "AKK"**

- **US Operations cash flow positive for a full calendar year quarter**
- **Commencement Prospect oil discovery well flows as high as 195BO**
- **High quality Oil being sold for \$115 per barrel**
- **Continues to outperform oil flow expectations**
- **Independent geologist commissioned to complete Reserves Report over first 900 acres of newly-acquired Eagle-Ford Shale Birch Prospect**

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Dear Sir/Madam,

**The Board of Austin Exploration Limited** (ASX: "AKK") - on behalf its wholly owned US subsidiary Aus-Tex Exploration Inc - is pleased to advise shareholders that the US operations have been cash flow positive for a full calendar year quarter, a first for the Company since it was listed on the Australian Securities Exchange in July 2006.

This significant achievement reflects the capabilities of the Company's restructured management and operational teams, including the appointment of new CEO and Aus-Tex Chairman, Dr W. Mark Hart.

The cash flow milestone is also a result of tight internal controls of operating expenses & costs in tandem with streamlining the management structure.

Importantly for the future, the current figures reflect income from production and sales from the Company's existing oil wells and does not include the most recent successful drilling campaign at its Commencement prospect, located in Adams County, Mississippi, USA. The impact of the successful oil flow results from this well will be material for the Company.

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## Aus-Tex Exploration Inc

January 2011 - March 2011		January 2011 - April 2011	
Total Cash Receipts	243,701.72	Total Cash Receipts	337,042.35
Interest Income	252.89	Interest Income	257.08
Total Cost of Sales - Well Operating	- 116,209.54	Total Cost of Sales - Well Operating	- 130,778.39
Other Expense	212,175.34	Other Expense	280,934.56
Net Income	<b>-84,430.27</b>	Net Income	<b>-74,413.52</b>
Non Cash Transactions - Amortization	80,391.08	Non Cash Transactions - Amortization	80,391.08
Non Cash Transactions - Depreciation	5,812.17	Non Cash Transactions - Depreciation	7,749.56
Net Cash Flow	<b>1,772.98</b>	Net Cash Flow	<b>13,727.12</b>

### NOTES FROM MR LONNY HAUGEN- CFO, AUS-TEX EXPLORATION INC

#### The attached numbers include:

1. Actual revenue/income from the receipt of oil operations
2. Actual operating expenses related to that income
3. This does not include any investments from Australia or any new drilling costs
4. Cash flow excludes the impact of amortization and depreciation and includes the impact of prepaid expense through March/April.

### COMMENCEMENT PROSPECT, MISSISSIPPI, USA.

#### ARMSTRONG #1 WELL

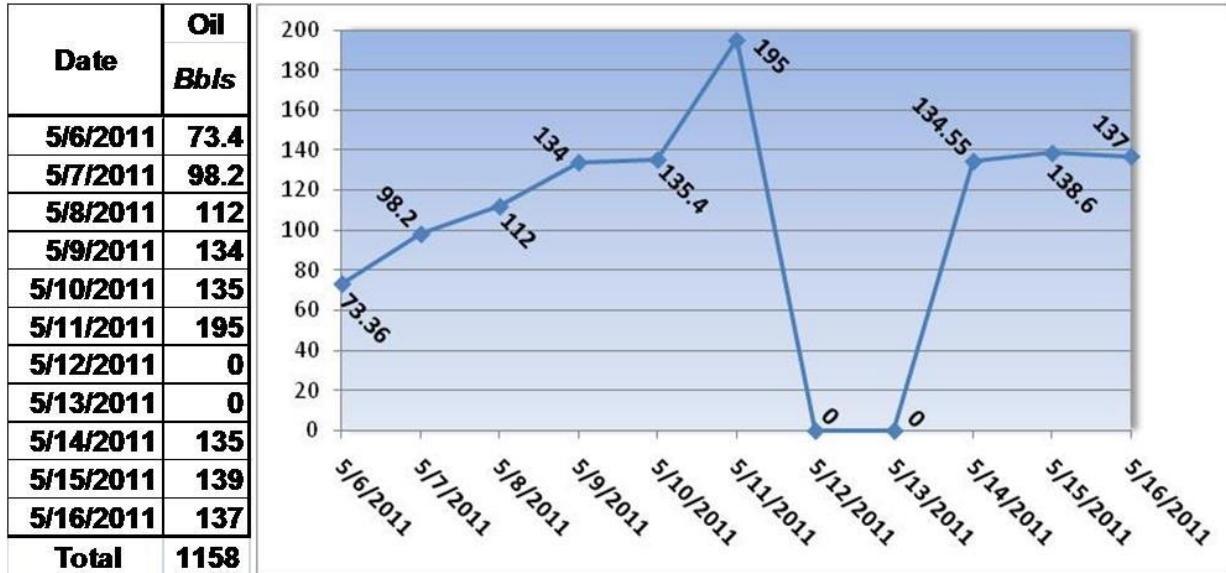
The Company is pleased to report that its Armstrong #1 well on the new Commencement prospect continues to outperform and exceed the expectations of the Austin Board of Directors. The well flowed as high as 195 barrels of crude oil on Wednesday the 11<sup>th</sup> of May, USA time. A full production chart and graph of the first 10 days of production is illustrated below.

Due to the high quality of the "Light crude oil" being produced the Company is pleased to report the Oil is being sold to the local refinery at \$115.00 per barrel.

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## COMMENCEMENT PROSPECT(Cont)



Well began production on 6/05/2011. Pump motor underwent maintenance on 12/05 and 12/06/2011.

Aus-Tex Exploration's engineering team in conjunction with its Mississippi-based Operator, is undertaking daily monitoring of the well's production and equipment.



18 wheeler tanker-truck arrives at Commencement Prospect to take delivery of its first load of oil

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## HELD INTEREST

Interest Holder	Working Interest	Net Revenue Interest
Aus-Tex Exploration, Inc.	50%	37.5%
Operator	50%	37.5%

## EAGLE FORD SHALE PROJECT- BURLESON COUNTY, TEXAS USA.

### BIRCH PROSPECT:

Austin is pleased to confirm that it has commissioned an Independent geologist to complete a US accredited 51-01 Reserves report over the first 900 acres of the Company's proposed Eagle Ford Shale project.

The reserves report is expected to take approximately 4 weeks to complete at which time these results will be communicated to the market.

As announced to the market previously, on Thursday 12<sup>th</sup> May, Austin has begun preparations to drill the first of three wells planned for 2011 on the Eagle Ford Shale prospect. Operations are expected to commence late in July 2011.

## MEDIA AND INVESTOR CONTACT:

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